

## Democracy Should Not Be for the Rich Only

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Corruption is just as harmful during an economic boom as it is during a down-turn. The difference is that when times are good, the overall cost to the economy and society are less noticeable. When businesses grow as the economy expands across broad sectors, hefty bribes usually don't get in the way of earning a profit; companies simply pass the cost of bribes along to consumers. (In this regard, bribes are like other barriers to market entry since they both increase the price for consumers.) In other words, in boom times the state can get away with being inefficient, but during a crisis the same level of corruption carries a much larger price tag.

If the government is determined to finance large-scale infrastructure projects as a way of stimulating the faltering economy, there should be real, transparent competition for construction contracts. Otherwise, little will be built, and the few projects that are actually completed will cost several times more than budgeted.

If the government doesn't want firms to cut production or lay off staff, it needs to make sure that when business owners cannot meet their debt obligations to creditors, the enterprises are able to continue operating and paying worker's salaries, while at the same time paying off their debt. The government also promises to help the jobless and those who have fallen through the social safety net, but if state funds are plundered by corrupt officials there simply won't be enough to go around.

There is no way of completely eliminating corruption, but there are ways to combat it. For example, politicians must be more accountable to the people who elect them. This means that the government needs to reinstate direct elections for governors and return to the system in which a portion of State Duma deputies were elected in single-mandate districts.

Political scientists and economists have shown that when there are highly competitive elections and informed voters, there is less corruption. This correlation was verified by the strong statistical analysis and data in the study titled "Are You Being Served? Political Accountability and Quality of Government," written by Carles Boix of the University of Chicago, Alicia Adsera of the University of Illinois at Chicago and Mark Payne of the Inter-American Development Bank and published in the Journal of Law, Economics, and Organization in 2003. Such hypotheses are generally difficult to prove because a correlation between various factors -- such as the degree of a government's effectiveness and a free media -- does not necessarily indicate a cause-and-effect relationship. But this study, using data from more than 100 countries as well as individual states in the United States, definitively confirms the correlation.

In Russia, there is a commonly held misconception that democracy is a luxury that only economically developed and prosperous countries can afford. This belief is particularly popular during economic booms. When times are tough, however, we must pull our heads out of the clouds and plant our feet firmly on the ground. The best place to start is by return direct elections to Russia.

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